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RUEHBR/AMEMBASSY BRASILIA 5564
RUEHBU/AMEMBASSY BUENOS AIRES 1293
RUEHLP/AMEMBASSY LA PAZ 2108
RUEHPE/AMEMBASSY LIMA 0353
RUEHQT/AMEMBASSY QUITO 2192
RUEHSG/AMEMBASSY SANTIAGO 3596
RUEHAO/AMCONSUL CURACAO 0870
RUEHGL/AMCONSUL GUAYAQUIL 0516
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C O N F I D E N T I A L SECTION 01 OF 02 CARACAS 001777

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TAGS: [ECON](#) [PGOV](#) [SENV](#) [VE](#)

SUBJECT: VISIT TO VENEZUELAN CATTLE FARM AND ECOLOGICAL
PRESERVE UNDER THREAT OF EXPROPRIATION

REF: CARACAS 1397

Classified By: Economic Counselor Andrew N. Bowen for reason 1.4(D)

11. (C) SUMMARY. On June 7-8, EconOffs visited Hato Pinero and Hato Paraima, large cattle ranches in Cojedes state. Hato Pinero, also an ecological preserve, has been under threat of expropriation but has not been occupied by squatters. Hato Paraima has squatters on over 60 percent of the property, but has not been legally expropriated either. The squatters, who appear not to be farmers, are mostly from outside of Cojedes and are awaiting additional government funding from FONDAFA (the National Agricultural Development Fund). The ranch owners said that the National Land Institute (INTI) and Governor Yanez' office have both tried to formally expropriate the land, but chaos and infighting have prevented dialogue between owners and the BRV. The Hatos shed light on the primary purpose of Chavez' land reform: peasant votes, not agricultural productivity. END SUMMARY.

12. (U) Hato Pinero, owned by the Branger family, is home to over 550 wildlife species, 850 plant species and over 13,000 head of cattle. Pinero employs over 260 workers (most commute from nearby town of El Baul), has a botanical and environmental research station and a small hotel. Thirty thousand hectares of the property are ecological preserve, 15,000 are pasture for cattle ranching, and the rest are either rocky terrain or floodlands. Hato Pinero has not been invaded by squatters, perhaps due to the fact that it is 22 km from the main highway. According to Paco Branger, the Governor announced last year that the ecological reserve should be in the hands of the state, and INTI subsequently declared the land "idle." The BRV has not followed up on these declarations and no legal expropriation proceedings are taking place at this time (Comment: The lack of invasions is probably due to lack of squatter mobilization on the land. End Comment).

13. (SBU) Hato Paraima, operated under the Branger family company Agropecuaria San Francisco, is used solely for cattle ranching, and contains an animal health laboratory and a center that produces certified pasture seed. According to its owners, the land is not suitable for planting, and much of the cattle displaced by squatters has been moved to Hato Pinero. Since 2003, over 60 percent of the farm has been occupied by squatters, who've staked out their plots, built ramshackle homes, and are awaiting government funding to start a "fundo," or rural farming project. (Note: "Fundos"

are operated by rural cooperatives of squatters supported by the BRV. End Note). Their homes are shoddily-built (one was made with BRV promotional signs), have no access to electricity or running water, and are mostly clustered around the highway. Of the properties that EconOfs saw, only one was visibly planting crops (a very small amount), and others just looked like idle pasture. Government propaganda was everywhere, with billboards of Pres. Chavez and the Governor promoting the fight against "latifundio" (Note: This term was traditionally defined as large private landholdings, but under current land law just refers to "idle land"). The BRV also built a small school on the property.

14. (C) According to Branger, less than five percent of the squatters are from Cojedes state. Most are bussed in from other parts of the country by organized peasant groups, and many are third-country nationals from other Andean countries.

Branger thinks that only a few of the occupants truly have an agricultural vocation, and most are just coming on false or inflated promises of free land and easy money. Branger also said that opportunists (including retired military officials and a high-level employee from Venezuela's largest processed food and alcoholic beverage producer, Polar) have staked out land for themselves. Due to squalid conditions, most illegal occupants rotate in and out of the land after six months. The owners were afraid to take EconOfs near the squatters, and requested that we do the highway tour in our own vehicle, since theirs would be recognized and possibly targeted.

15. (C) Funding for the "fundos" comes largely from FONDAFA, the BRV agricultural development fund. Though Branger didn't know how many peasants had received loans, he said most

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peasants are awaiting funding or using funding they've received to subsist (but not to plant). INTI has some direct funding available for small projects, but only with a nomination from FONDAFA. The Governor assured squatters they would receive water shipments, but Branger noted these are intermittent, and peasants have on occasion taken water destined for cattle for their own consumption.

16. (C) The BRV has not legally expropriated Hato Paraima. Instead, INTI has declared the land "state property" by refusing to recognize the land title chain (the Branger family is fighting this in court). INTI has given some squatters a "carta agraria" (document that allows them to live and work the land, but not own it). Branger said that peasants have burned down some structures and pasture in order to pressure owners into mobilizing the BRV on the issue. He believes the government is not interested in the actual productivity of the land. One of Branger's employees assured us of the existence of official documents that highly overstate peasant agricultural production and showcase the high default rate on FONDAFA loans.

17. (C) The Branger family told EconOfs that they've attempted to dialogue with the BRV to find a solution. At one point, they even suggested donating land (with title) to peasant groups. However, infighting between INTI and the Governor's office prevented this from coming to a head. Branger also said that he feels uncomfortable giving the land to people who will not receive adequate funding or training, will embark upon unsustainable projects or will just let the land go to waste. The Brangers noted that the situation has produced mounting legal fees for their company, and they're pessimistic a court will ever rule in their favor. For now, security is tight on the Hatos, and future investments originally planned for the next decade are being compressed into the next four years.

18. (C) COMMENT. Hato Paraima is characteristic of BRV land "reform": a largely calculated political move that ignores capacity, productivity, legality, or the realities on the ground. The contrast between Chavez' signs proclaiming "war

on latifundio" and the poor conditions of the squatters (whose demarcated land is truly idle) show that support for illegal occupations is primarily about managing/manipulating perception. The confiscations therefore have little to do with land reform. Rather, they serve as a play to the broader BRV voter base (rural and urban poor who are left with the impression that Chavez cares about them and is doing great things); an attack on those who are not his supporters (landowners); and, an attempt to reap regional benefit (read: be seen by large segments of Latin American civil society as a defender of the poor). For photos of the squatters and government propaganda, please e-mail Econ Officer Isabel Rioja-Scott at Rioja-ScottIE@state.gov. END COMMENT.
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